REMARKS

Reconsideration and withdrawal of the rejections of the application are respectfully

requested in view of the foregoing amendments and following remarks.

I.   STATUS OF THE CLAIMS AND FORMAL MATTERS

The Office Action indicates that claims 1 through 50 are pending in this application.

Claims 1, 16, 18, 33, 34, 39, 41 and 46 are in independent form, and are each herein amended for

additional clarity. No new matter has been added. It is submitted that the claims, as originally

presented, were in full compliance with the requirements of 35 U.S.C. §112. Changes to claims are

not made for the purpose of patentability within the meaning of 35 U.S.C. §101, §102, §103, or

§112. Rather, these changes are made simply for clarification and to round out the scope of

protection to which Applicants are entitled.

II.   CLAIM REJECTIONS UNDER 35 USC § 103(a)

The Office Action maintains the rejection of claims 1-50 under 35 U.S.C. § 103(a) as being

unpatentable over U.S. Patent No. 4,674,044 ("Kalmus"). For at least the reasons presented below,

Applicant respectfully traverses this rejection and requests that it be withdrawn.

Independent claims 1, 16, 18, 33, 34, 39, 41 and 46 recite methods, computer program

products, and data processing systems related to the trading of interests wherein terms of a trade or

an order for an interest include--in addition to a first quantity and a first price--a reserve quantity,

and wherein terms of a second order or trade for the interest include at least a portion of the reserve

quantity and another price equal to the first price changed by a reserve price change. More

specifically, independent claims 1, 18 and 34, as pending without the herein claim amendments,

recite, *inter alia*, the following:

> receiving terms for a total desired trade . . . said terms comprising
> an initial price, an initial quantity, and a reserve quantity;
>
> . . .
>
> disclosing terms of a first proposed trade of said interest to others,
> said terms for a first proposed trade comprising said initial price,
> and said initial quantity; and
>
> upon acceptance of said first proposed trade, disclosing terms of a
> second proposed trade of said interest to others, said terms for a
> second proposed trade comprising a second price, and a second
> quantity, said second price being equal to said initial price changed
> by said reserve price change, and said second quantity comprising
> at least a portion of said reserve quantity.

Additionally, independent claim 16 as pending without the herein claim amendments,

recites, *inter alia*, the following (independent claims 33 and 39 include similar recitations):

> [A]n order is entered with a quantity and price disclosed to
> others . . . and with a reserve, undisclosed quantity . . . [and
> wherein] terms for [a] subsequent order compris[e] a subsequent
> price and a subsequent quantity, said subsequent price being equal
> to said disclosed price changed by a reserve price change, and said
> subsequent quantity comprising at least a portion of said reserve
> quantity.

Independent claims 41, as pending without the herein claim amendments, recites,

inter alia, the following (independent claim 46 includes similar recitations):

> in response to accepting a trade for a quantity of an order disclosed to
> others at a price disclosed to others, the order including a reserve
> quantity which is not to be disclosed to others at least initially,
> automatically initiating disclosure to others a quantity from reserve at
> a price changed from said price of said quantity previously disclosed
> to others by a reserve price change.

Applicant respectfully submits that Kalmus does not teach or suggest, *inter alia*, "a reserve

quantity," nor "a reserve price change," as required by Applicant's claimed invention (e.g., claim 1).

In the Office Action, the Examiner equates a reserve quantity as recited in Applicant's

claims with an "unexecuted order stored in memory" discussed in Kalmus:

> [T]he "Orders not executable" or the "orders not qualified" as mentioned by

> Kalmus hereinabove is tantamount to the reserve quantity as claimed by the
> applicant since these non-executable orders are kept in the reserve until there is a
> favorable change in the market price for security which can then accommodate
> the customer's price limits. [Office Action mailed Aug. 10, 2006, at p.

and cites the following passage from Kalmus as support:

> Orders not executable, i.e., orders not qualified, are either stored in memory in the
> processor 10 for later execution if they become qualified (such as by a favorable
> change in the market price for a security which can then accommodate the
> customer's price limits) or are forwarded to other market makers for potential
> execution... (Col. 5, lines 15-22)

Applicant respectfully disagrees that quoted passage above describes a reserve quantity

as required by claim 1.

Applicant respectfully submits that those skilled in the art understand that a "reserve" (or

"reserve quantity") of an order, as recited in Applicant's claims (e.g., claim 1), is a portion (e.g.,

quantity) of an intended trade that is not initially disclosed to others (e.g., the market). For

example, those skilled in the art understand that a reserve portion of an order for an interest may

be withheld from disclosure to others until such time as the disclosed portion of the order or

quotation has been accepted (e.g. for trade execution). Applicant's specification is fully

consistent with this meaning. (See, e.g., paragraph [0003], lines 7-12; paragraph [0114], lines

1-9).

In stark contrast to Applicant's claimed invention (claim 1), Kalmus does not teach or

suggest an order that includes a reserve. No order discussed in Kalmus includes a disclosed

portion (an initial quantity) and an undisclosed portion (a reserve quantity). In Kalmus, an order

specifies a single quantity, and the entire quantity of an initial order entered by a user is disclosed

to other users so long as the price term is within a predetermined range. An order having a price

above the predetermined range will remain undisclosed unless it becomes qualified at a later

date. Although the user may change the quantity term of an unqualified order after the

unqualified order becomes qualified in Kalmus, the order is not divided into portions for trading, neither prior to nor after the quantity is changed. Therefore, neither the executed order nor the unexecuted order described in Kalmus constitute a portion of the full size of the intended trade to the market. As such, Kalmus cannot be said to teach or suggest a reserve as required by Applicant's claimed invention (claim 1).

Although Examiner states that "Kalmus does not explicitly disclose 'a second price and a second quantity, said second price being equal to said initial price changed by said reserve price change, and said second quantity comprising at least a portion of said reserve quantity' " as recited in claim 1, Examiner asserts that a price change limitation is suggested by the following passage:

> When the insider market **price changes** (a variation in the best bid or best asked price), the processor 10 in accordance with the instant invention signals the trader at station 15 who is then given the opportunity to readjust his quantity or other market-characterizing criteria. Following each **price change**, all non-executable orders stored in the processor 10 memory are reviewed to determine whether they have become executable and, if so, they are in fact executed. (Col. 5, lines 35-44)

Examiner contends that the quoted passage demonstrates that after a previously unexecuted order becomes qualified, it may be disclosed at a price different from the initial price term, and thus the newly qualified order can be characterized as a second order having a second price.

> Kalmus does not explicitly disclose the limitations "a second price, and a second quantity, said second price being equal to said initial price changed by said reserve price change, and said second quantity comprising at least a portion of said reserve quantity." However, Kalmus, does suggest that when insider Market price changes, the processor signals the trader who in turn readjusts his quantity or other market-characterizing criteria, and following each price change, all non-executable orders stored in memory are reviewed to determine whether they have become executable. Thus, when the price changes and the quantity is readjusted, it is obvious that there will be a new price (i.e., second price, third

price, fourth price etc.), and said second quantity would comprise
at least a portion of said reserve quantity (i.e., every order (first,
second, third etc.) would be taken from non-executable orders
(reserve quantity) until all orders become executable).

Applicant respectfully disagrees that the quoted passage, or anything else in Kalmus

discloses that the original price term is changed from a prior order. The quoted passage refers to

a change in the insider market price of a security, which does not change the price term of an

unexecuted order stored in memory. Kalmus describes a situation where a trader's unqualified

order may be qualified by the system after a favorable change in the insider market price of the

security. (Col. 5, lines 15-20). Following a change in the market price, the system reviews all

non-executable orders stored in memory to determine whether the orders have become qualified.

(Col. 5, lines 35-44) If a previously unexecuted order is qualified by the system in Kalmus, the

initial order having the same, initial price term is disclosed to other users—there is no change in

the price.

For at least the foregoing reasons, Applicant submits that independent claim 1 recites

subject matter that is patentably distinct in view of Kalmus. Generally, as explained in detail

above, the Examiner's reasoning, as best understood by Applicant, appears to equate a

non-executable order in Kalmus with a reserve quantity recited in Applicant's claims, and

appears to view such non-executable orders, individually, or possibly together with other

independent and unrelated orders (executed or unexecuted) in Kalmus, as somehow

corresponding to an order that includes a reserve. As explained above, such a purported reading

of the claim onto Kalmus improperly construes Applicant's claim and/or the teachings of

Kalmus. Simply stated, Kalmus in inapposite with respect to Applicant's claimed invention.

The Examiner rejected independent claims 16, 18, 33, 34, 39, 41 and 46 using the same

art and rationale as used to reject claim 1. It is submitted that Applicant's reasoning above for

distinguishing claim 1 from Kalmus is applicable at least in part to independent claims 16, 18, 33, 34, 39, 41 and 46, and that these claims are thus also patentable over Kalmus based on similar reasoning.

While Applicant maintains that the claims as pending prior to entering the herein proposed amendments are patentably distinct over Kalmus for at least the reasons presented above, Applicant has herein presented amendments to each of the independent claims for further clarity (e.g., of a "reserve quantity"). Applicant respectfully maintains that these amendments are not narrowing amendments as they further clarify that which is already explicit—or at least make explicit that which is implicit—in the claims pending prior to these amendments.

IV.   DEPENDENT CLAIMS

The other claims in this application are each dependent on an independent claim discussed above, and are therefore believed patentable for at least the same reasons. Since each dependent claim is also deemed to define an additional aspect of the invention, however, the individual reconsideration of the patentability of each on its own merits is respectfully requested.

Similarly, because Applicants maintain that all claims are allowable for at least the reasons presented hereinabove, in the interests of brevity, this response does not comment on each and every comment made by the Examiner in the Office Action. This should not be taken as acquiescence of the substance of those comments, and Applicants reserve the right to address such comments.

CONCLUSION

In view of the above, it is submitted that all pending claims are patentable and the application is in condition for allowance, and Applicants respectfully request early

reconsideration and allowance of the application.

Applicants gratefully acknowledge the Examiner's consideration of this matter,

and the Examiner is respectfully invited to contact Applicants' undersigned representative by

telephone on any outstanding issue regarding the application.

Respectfully submitted,
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Dated: __August 13, 2007__

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